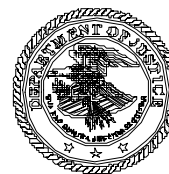




Department of Justice



ENVIRONMENTAL PROTECTION AGENCY

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ENRD (202) 514-2007
EPA (202) 564-9828
TDD (202) 514-1888

U.S. ANNOUNCES SETTLEMENT OF ILLINOIS POWER CASE

Company will spend \$500 million to reduce air pollution by over 54,000 tons per year

WASHINGTON, DC – The Department of Justice, the Environmental Protection Agency, and the State of Illinois announced today the settlement of their major Clean Air Act case alleging that Illinois Power Company and its successor, Dynegy Midwest Generation, violated the New Source Review provisions of the Clean Air Act at the Baldwin Power Station in Baldwin, Illinois. The agreement will reduce emissions of harmful sulfur dioxide (SO₂) and nitrogen oxides (NO_x) from Illinois coal-fired power plants by 54,000 tons each year through the installation of approximately \$500 million worth of new pollution control equipment and other measures. The five plants involved in the settlement are Baldwin Generating Station in Baldwin, IL; Havana Generating Station in Havana, IL; Hennepin Generating Station in Hennepin, IL; Vermilion Generating Station in Oakwood, IL; and Wood River Generating Station in Alton, IL. In addition, Dynegy Midwest Generation will pay a \$9 million civil penalty and spend \$15 million in projects to mitigate the harm caused by unlawful emissions. To date, this settlement marks the largest civil penalty involving a power plant emissions case.

The settlement resolves a lawsuit filed in 1999 as part of a federal initiative to bring operators of coal-fired power plants into full compliance with the New Source Review provisions of the Clean Air Act. In 1999, the Baldwin Station was one of the largest sources of air pollution in the nation, emitting approximately 245,000 tons of SO₂ and 55,000 tons of NO_x each year. After the suit was filed, the company reduced SO₂ emissions at the plant by over 90 percent through conversion to low sulfur coal and reduced NO_x emissions by 65 percent by installing control equipment.

This settlement will achieve significant additional reductions at Baldwin and other Illinois coal-fired plants in the Dynegy Midwest Generation system by requiring installation of four new flue gas desulfurization devices (commonly called “scrubbers”) to control SO₂; four new baghouses to control particulate matter (soot); and operation of existing control equipment including three selective catalytic reduction (SCR) systems year-round to control NO_x. The entire five-plant system will be subject to annual emission caps to assure that significant system-wide reductions for both SO₂ and NO_x are achieved.

“The citizens of Illinois could not have asked for a better result concerning our consensual agreement with Illinois Power,” said Thomas L. Sansonetti, Assistant Attorney General for the Justice Department’s Environment and Natural Resources Division. “The Justice Department is confident that this settlement will provide numerous benefits in protecting and improving the quality of air for the people in and around the region.”

“The air pollution reductions from this agreement will result in significantly cleaner air for residents of Illinois and downwind states,” said Thomas V. Skinner, Acting Assistant Administrator of EPA's Office of Enforcement and Compliance Assurance. “We are committed to strong regulations and aggressive enforcement to protect public health.”

“Today's settlement is an important step in protecting the rich environmental resources of Southern Illinois for which clean air is an essential foundation,” said U.S. Attorney Ronald J. Tenpas. “The emission reductions it will produce will improve the life and health of our citizens.”

The settlement is contained in a consent decree lodged for public comment in the U.S. District Court for the Southern District of Illinois in East St. Louis, Illinois. The \$15 million in mitigation projects will finance efforts at enhanced mercury reduction, acquisition and preservation of ecologically valuable lands and habitat in the St. Louis Metro East area and along the Illinois River, municipal building energy conservation, and advanced truck stop electrification to reduce air emissions from diesel exhaust. The federal and state governmental parties were joined in the case by a coalition of citizen groups the American Bottom Conservancy; Health and Environmental Justice - St. Louis; Illinois Stewardship Alliance; and the Prairie Rivers Network. Additionally, Dynegy Midwest Generation will transfer ownership of an approximately 1,135 acre parcel of land which it owns along the Middle Fork of the Vermillion River in Vermillion County, Illinois, to the State of Illinois, Department of Natural Resources.

“This important settlement has the potential to improve air quality in Illinois from the Metro East area to the Chicagoland area,” Illinois Attorney General Lisa Madigan said. “Additionally, the innovative projects included in the agreement will improve our state's environment and enhance its natural heritage.”

This is the eighth in a series of agreements with power plant operators, all of which are focused on securing major reductions in air pollution from coal-fired power plants, which collectively account for 70 percent of SO₂ and 30 percent of NO_x emissions from all stationary sources in the nation. The combined effect of these eight settlements will be to reduce emissions of harmful pollutants by over 714,000 tons each year 486,000 tons of SO₂ and 229,000 tons of NO_x through the installation and operation of more than \$4.4 billion worth of pollution controls.

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